

## **Questions and Answers Concerning DFM Memo on FY 2009 General Fund Shortfall**

### **What gives the Governor the authority to issue a holdback?**

Authorization and guidelines for issuing a holdback can be found in Idaho Code 67-3512A.

### **Has the Governor issued a holdback?**

No. The Governor has not yet issued a holdback. Such action may be forthcoming, but has not yet been taken.

### **When might a holdback be expected?**

Directors have until Wednesday, September 24, 2008 to respond to the DFM Memo. The Governor is not expected to take any action until after the responses have been thoroughly reviewed and coordinated.

### **Would a holdback impact funding for Public Schools?**

No. It is anticipated that any funding withheld from the Public Schools budget would be made up with monies from the Public Education Stabilization Fund. The Governor fully supports this course of action and has discussed it with the Superintendent of Public Instruction.

### **Would a holdback impact other Education areas?**

Yes. The Public Education Stabilization Fund does not cover revenue deficiencies in other education areas outside Public Schools (such as Higher Education, Professional-Technical Education, and others).

### **Would a holdback impact Transportation funding?**

No. The Transportation Department does not receive any monies from the General Fund and therefore would not be subject to a holdback. The same is true of other agencies funded entirely from sources outside the General Fund. This includes, PERSI, Fish and Game, most regulatory boards and commissions, and others.

### **Has the Legislature been notified?**

Yes. Prior to the announcement, the Governor met in person with the Speaker of the House of Representatives and the Senate Pro Tem to discuss the matter. In addition, the DFM Administrator met with the JFAC Co-Chairs and the Director of the Legislative Budget Office prior to the announcement.

### **What happened to the surplus?**

While the General Fund did end fiscal year 2008 with over \$200 million on hand, almost all of this money had already been accounted for in the FY 2009 budget. In fact, less than \$50 million of this money was available “surplus” – not nearly enough to account for the significant drop in projected FY 2009 revenues.